

Message Text

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PARIS FOR USOECD

E. O. 11652: N/A
TAGS: AORG, NATO, OECD
SUBJECT: NATO PENSION SCHEME

REF: (A) STATE 151492 (DTG 142307Z JUN 78),
(B) USNATO 5985 (DTG 131705Z JUN 78)

1. THE JOINT CIVIL AND MILITARY BUDGET COMMITTEES WILL
REVIEW THE FOLLOWING REPORT PRESENTED BY THE AD HOC GROUP
ON JUNE 16 (REFTEL B, PARA 2):

BEGIN TEXT:

1. IN RESPONSE TO THE REQUEST OF THE CIVIL AND MILITARY
BUDGET COMMITTEES RECORDED IN BC-R(78)15/MBC-R(78)27,
ITEM II, THE AD HOC GROUP PRESENTS BELOW THE
CONSIDERATIONS AND CONCLUSIONS IT HAS DRAWN FROM
EXAMINATION OF THE FACTS AND PROPOSALS SUBMITTED BY THE
DIRECTOR OF MANAGEMENT, INTERNATIONAL STAFF, IN
DOCUMENTS BC-D(78)20/MBC-M(78)93, BC-D(78)30/MBC-M(78)128,
BC-D(78)31/MBC-M(78)133 AND BC-D(78)34/MBC-M(78)151.

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DEFINITION OF SERVICE CONFERRING ENTITLEMENT TO BENEFITS

2. THE AD HOC GROUP:

- CONSIDERING THAT, BY VIRTUE OF ARTICLE 4 OF THE
PENSION SCHEME RULES, ENTITLEMENT TO BENEFITS UNDER
THE RULES SHALL BE DETERMINED BY THE TOTAL OF THE

PERIODS ACTUALLY SERVED IN THE ORGANIZATIONS LISTED IN
ARTICLE 1.1 OF THE RULES;

- CONSIDERING THAT, BY VIRTUE OF PARAGRAPH 4.1/1(I) OF
THE INSTRUCTIONS IMPLEMENTING THE RULES, SUCH SERVICE
MUST HAVE BEEN COMPLETED UNDER AN APPOINTMENT ISSUED BY
THE ORGANIZATION OR BY THE PROVISIONAL COMMITTEE OR
SECRETARIAT FROM WHICH THE ORGANIZATION EMANATED;

- CONSIDERING THAT, BY VIRTUE OF PARAGRAPH 4.1/2(II) OF
THE INSTRUCTIONS IMPLEMENTING THE RULES, SUCH SERVICE
MUST, INTER ALIA, HAVE BEEN PERFORMED ON THE PREMISES
AND UNDER THE CONTROL AND TO THE INSTRUCTIONS OF THE
ORGANIZATION, ACCORDING TO THE HOURS OF WORK APPLYING
TO THE WHOLE OF ITS STAFF;

- CONSIDERING THAT THE NORTH ATLANTIC TREATY
ORGANIZATION HAS, BY EARLIER PRIOR OR RETROACTIVE
DECISION ON THE EFFECTIVE DATE OF THE INTERNATIONAL
FINANCING TO BE ACCORDED TO EACH OF ITS COMPONENT
INSTITUTIONS, MADE THIS DATE EITHER COINCIDENT WITH OR
SUBSEQUENT TO THE DATE OF THE LATTER'S TRUE
ACTIVATION (FOOTNOTE 1) AND HAS THEREBY DEFINED THE DATE
FROM WHICH IT FORMALLY RECOGNIZES EACH OF THE
INSTITUTIONS AS ONE OF ITS COMPONENTS, IRRESPECTIVE OF
THE FACT THAT THE ORGANIZATIONAL FRAMEWORK OR MISSIONS OF
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THE INSTITUTIONS MAY HAVE REMAINED THE SAME AS UNDER A
PRECEDING REGIME OF NATIONAL OR MULTILATERAL
FINANCING (FOOTNOTE 2),

IS OF THE OPINION THAT THE PERIODS OF SERVICE CONFERRING
ENTITLEMENT TO BENEFITS IN ACCORDANCE WITH ARTICLE 4 OF
THE PENSION SCHEME RULES SHOULD IN NO CASE PRECEDE THE
EFFECTIVE DATE OF INTERNATIONAL FINANCING OF THE
ORGANIZATIONS - OR, IN THE CASE OF THE NORTH ATLANTIC
TREATY ORGANIZATION, OF ITS COMPONENT INSTITUTIONS -
MENTIONED IN ARTICLE 1.1 OF THE RULES.

CONDITIONS OF VALIDATION OF SERVICE PERFORMED IN ANY
OTHER CAPACITY PRIOR TO PERMANENT APPOINTMENT

3. THE AD HOC GROUP:

- CONSIDERING THAT, BY VIRTUE OF ARTICLE 5.5(II) OF THE
PENSION SCHEME RULES, ENTITLEMENT TO BENEFIT UNDER THE
RULES FOR PERIODS SERVED IN ANY OTHER CAPACITY PRIOR TO
PERMANENT APPOINTMENT ACCORDING TO THE PROVISIONS OF
ARTICLE 4.1(II) OF THE RULES IS CONDITIONAL, INTER ALIA,

ON THE ORGANIZATION'S GIVING ITS AGREEMENT;

- CONSIDERING THAT MEMBER GOVERNMENTS HAVE INDICATED THAT THEY ARE NOT DISPOSED TO ALLOW VALIDATION OF SERVICE IN ANY OTHER CAPACITY PRIOR TO PERMANENT APPOINTMENT IN RESPECT OF PERIODS FOR WHICH THEY HAVE CONTRIBUTED, THROUGH THE ORGANIZATION'S BUDGET, TO THE CONSTITUTION OF RETIREMENT PENSION BENEFITS UNDER A NATIONAL SYSTEM OF SOCIAL SECURITY, UNLESS THEIR CONTRIBUTIONS ARE REIMBURSED FOR SUCH PERIODS;

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- RECOGNIZING THAT BILATERAL AGREEMENTS WITH NATIONAL SYSTEMS OF SOCIAL SECURITY PERMITTING RECUPERATION OF SUCH CONTRIBUTIONS DO NOT EXIST;

- RECOGNIZING THAT THE PENSION SCHEME RULES NEITHER EXCLUDE NOR AUTHORIZE THE CUMULATION OF A PENSION ACCORDED PURSUANT TO THE RULES AND A PENSION PAID FROM A NATIONAL SYSTEM OF SOCIAL SECURITY AS A RESULT OF MEMBER GOVERNMENTS' CONTRIBUTIONS FOR THE SAME PERIODS OF SERVICE IN THE ORGANIZATION PRIOR TO PERMANENT APPOINTMENT, BUT THAT THE CHARGE TO BE LEVIED ON THE STAFF MEMBER FOR VALIDATION OF SUCH PERIODS OF SERVICE IN ACCORDANCE WITH ARTICLE 5.5(III) OF THE PENSION SCHEME RULES IS INSUFFICIENT TO GUARANTEE RECOVERY OF MEMBER GOVERNMENTS' CONTRIBUTIONS TO THE CONSTITUTION OF RETIREMENT PENSION BENEFITS UNDER A NATIONAL SYSTEM OF SOCIAL SECURITY FOR SUCH PERIODS,

IS OF THE OPINION THAT AN INSTRUCTION SHOULD BE ISSUED IN IMPLEMENTATION OF ARTICLE 5.5(II) OF THE PENSION SCHEME

RULES TO STIPULATE THAT, WHERE A STAFF MEMBER REQUESTS CREDIT UNDER ARTICLE 4.1(II) OF THE RULES FOR PERIODS OF SERVICE DURING WHICH HE/SHE WAS COMPULSORILY AFFILIATED TO A NATIONAL SYSTEM OF SOCIAL SECURITY, UNCLASSIFIED

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WHETHER SUCH AFFILIATION ESTABLISHED ENTITLEMENT TO A RETIREMENT PENSION UNDER THAT SYSTEM OR NOT, THE ORGANIZATION SHALL MAKE ITS AGREEMENT CONDITIONAL ON:

(A) PAYMENT BY THE STAFF MEMBER OF COMPENSATION FOR THE CONTRIBUTIONS MADE BY THE ORGANIZATION TO THE NATIONAL SYSTEM OF SOCIAL SECURITY FOR THE PERIODS CONCERNED;

(B) RECOGNITION BY THE STAFF MEMBER THAT VALIDATION OF SERVICE IN ANY OTHER CAPACITY PRIOR TO PERMANENT APPOINTMENT IS A DECISION TAKEN BY THE ORGANIZATION EXCLUSIVELY IN APPLICATION OF THE PENSION SCHEME RULES AND THAT IT CAN CONSEQUENTLY NOT BE INVOKED IN DISCUSSION OR SETTLEMENT OF ANY MATTERS REGARDING THE PERMANENT APPOINTMENT OF THE STAFF MEMBER WHICH ARE NOT COVERED BY THE RULES.

THE COMPENSATION PAYABLE IN EXECUTION OF (A) ABOVE SHALL, UNTIL FURTHER NOTICE, BE CALCULATED AT THE RATE OF 8 PCT OF THE STAFF MEMBER'S FIRST MONTHLY SALARY AS A PERMANENT STAFF MEMBER, MULTIPLIED BY THE NUMBER OF MONTHS IN RESPECT OF WHICH RIGHTS ARE TO BE CREDITED. THE RESULTANT SUM SHALL BE AUGMENTED BY COMPOUND INTEREST AT 4 PCT PER ANNUM FROM THE DATE OF APPOINTMENT AS A PERMANENT STAFF MEMBER UNTIL PAYMENT IS COMPLETED.

THE COMPENSATION SHALL BE PAID CONCURRENTLY WITH THE CONTRIBUTION OF 7 PCT OF THE FIRST MONTHLY SALARY AS A PERMANENT STAFF MEMBER PRESCRIBED FOR VALIDATION OF EACH MONTH OF SERVICE BY ARTICLE 5.5(III) OF THE RULES AND WITHOUT PREJUDICE TO THE PROVISIONS OF PARAGRAPH 5.1/2 OF THE INSTRUCTIONS IMPLEMENTING THE RULES. UNCLASSIFIED

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THE COMPENSATION RATE OF 8 PCT OF THE FIRST MONTHLY SALARY AS A PERMANENT STAFF MEMBER, BEING BASED ON AN AVERAGE OF THE RATES OF EMPLOYER'S CONTRIBUTIONS TO RETIREMENT PENSION BENEFITS UNDER THE SOCIAL SECURITY

SYSTEMS OF HOST COUNTRIES IN JUNE 1978, SHALL BE
SUBJECT TO REVIEW IN THE LIGHT OF THE EVOLUTION OF
THESE RATES.

PROVISIONAL REQUESTS FOR VALIDATION OF SERVICE UNDER THE
PROVISIONS OF ARTICLE 4.1(II) OF THE PENSION SCHEME RULES

4. THE AD HOC GROUP:

- IS OF THE OPINION THAT, IN THE ABSENCE OF FINAL
DECISION ON THE ISSUES RAISED IN PARAGRAPHS 2 AND 3
ABOVE BY A DATE PERMITTING ALL STAFF MEMBERS CONCERNED
TO BE DULY INFORMED, BEFORE 30TH JUNE, 1978, OF THE
CONDITIONS OF VALIDATION OF SERVICE UNDER
ARTICLE 4.1(II) OF THE PENSION SCHEME RULES, THE
INTENTION DECLARED BY THE DIRECTOR OF MANAGEMENT,
INTERNATIONAL STAFF, IN PARAGRAPH 4 OF
BC-D(78)31/MBC-M(78)133 TO ACCEPT PROVISIONAL REQUESTS
FOR VALIDATION OF SUCH SERVICE SHOULD BE ENDORSED.

FOOTNOTE 1 - SEE ANNEX I TO BC-D(78)30/MBC-M(78)128

FOOTNOTE 2 - SEE BC-D(78)20/MBC-M(78)93, PARAGRAPH 2(A)
END TEXT.

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2. ACTION REQUESTED: IN ADDITION TO REF A, ANY
GUIDANCE CONCERNING ABOVE REPORT, PARTICULARLY THE
QUESTION OF INTEREST TO BE CHARGED, BY OPENING OF
BUSINESS JUNE 16 WOULD BE APPRECIATED. GLITMAN

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